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¶B. (B) PANAMA 72

Classified By: POLCOUNS Brian R. Naranjo. Reasons: 1.4 (b) and (d).

Summary

¶1. (C) The January 17-21 visit of State's Director for Central American Affairs John Feeley provided the Panama Post an excellent opportunity to touch base with numerous political heavy hitters. Feeley met with all the "presidenciables," except for Panamenista aspirant Alberto Vallarino who was out of town and on the stump and Minister of Housing and frequently cited front-runner for the governing Revolutionary Democratic Party (PRD) presidential nomination Balbina Herrera. (Note: Ambassador lunched with Herrera on January 24 (REFTEL B).) Several common themes emerged from the Feeley's visit:

(a) opposition leaders uniformly stated that they believe that ultimately the governing Revolutionary Democratic Party (PRD) presidential nominee would be Balbina Herrera, the current Minister of Housing;

(b) only Panamenista Party leaders believe that there will be an inter-party primary, all other opposition leaders rejected it, and not even Panamenista President and presidential candidate Juan Carlos Varela mentioned it during his meeting with the Director; and

(c) PRD and Torrijos Administration contacts uniformly asserted that National Assembly President Pedro Miguel Gonzalez (PMG) would not be re-elected.

If Herrera is sincere in her desire to run for Mayor of Panama City, not President, then the opposition could be preparing to run against the wrong PRD opponent. The universal rejection of the inter-party primary by non-Panamenista candidates and Varela's omission to advocate for it may suggest that this idea's time has come and passed. While unlikely to take place, the inter-party primary may continue to be a political football in intra-opposition wrestling.

Ford Concedes Panamenista Preference

¶2. (C) "I am leaning towards the Panamenista party," UP

President Guillermo "Billy" Ford told Director on January 17.

Ford conceded, UP needed to bargaining to bargain hard when negotiating an opposition alliance, in short, whether UP would support the CD's eventual presidential nominee Martinelli or to support the eventual Panamenista nominee. Aware that UP VP Jose Raul Mulino was for all intents and purposes already working on Panamanista presidential nominee candidate Alberto Vallarino and that UP VP Anibal Galindo was coordinating closely with Martinelli, Ford said that he had assembled a team of thinkers to develop some "programmatic ideas" for which UP would seek the support of an eventual alliance partner. "We need to get the best deal for UP," Ford explained. During the meeting, Ford spotted Delia Cardenas, noting that Cardenas was spearheading the work on these programmatic ideas. (Note: Cardenas, a fellow life-long Movement of Liberal Republican Nationalists (MOLIRENA) member, jumped to UP with Ford.) "Ideology is not that important these days in Panama," Ford said. "What people want are ideas to solve problems."

¶3. (C) Asked if Endara's early formalization of his status as VMP's presidential candidate would limit Endara's ability to maneuver and form alliances, Ford, who was Endara's First VP, said, "No. Endara needs the clout that being a candidate brings. He will be able to make deals." Ford said he expected that Minister of Housing Balbina Herrera would be the PRD's eventual presidential candidate and asserted that there would not be an inter-party primary.

¶4. (C) Comment: Okay, so now UP appears to be headed not just in two directions, but rather three. Mulino is working on Vallarino's campaign, Galindo on Martinelli's campaign, and Ford is trying to hold his party back from splitting so that they can get the best deal from either whoever ultimately wins the Panamenista primary or Martinelli. There

also appear to be three groups working on "programmatic ideas:" former Solidarity Party members led by Mulino, former Liberals led by Galindo, and former MOLIRENISTAS led by Ford. Stay tuned.

Martinelli Gets a Face-Lift

¶5. (C) Arriving at the chic Decapolis Hotel bar for drinks with Feeley, Martinelli, with two badly bruised eyes, looked like he had been on the losing side of a bad bar fight. Not exactly. Martinelli explained that he had just had a face-lift. Not a shrinking violet, Martinelli strode into this very public setting without a care in the world for what others might think of his facelift. That was essentially it for news at this meeting as Martinelli went over well trod ground providing Feeley with a first-hand opportunity to taste Martinelli's confidence, witness his brash and direct manner, and to see that, hell or high water, Martinelli would run for president. As Ford noted, Herrera would be the PRD's eventual presidential candidate, and there would not be an inter-party primary, according to Martinelli.

¶6. (C) In an aside to POLCOUNS, Martinelli political advisor Jimmy Papademetriu said, "I am very suspicious of Varela. If he wins the Panamenista presidential nomination, I do not see how Varela will be able to hold himself back from running for president." Papademetriu confided that he was "working on Martinelli" to get him to understand that Varela might not follow through on his private pledge to back Martinelli if Martinelli is leading the polls as of May 2008. (Conversely, Martinelli had pledged to step down in favor of Varela should he be trailing Varela.) Slowly, Martinelli was coming to realize that he might not bring Varela to his side. As for the internal Panamenista race, Papademetriu asserted that Varela "was clobbering" Vallarino.

¶7. (C) Comment: Martinelli values youth and vigor. His advisors are young, he likes to hang out in hip places, and now he is trying to appear younger. While visiting Transparency International, Feeley saw a picture of

Martinelli from 2004. It was apparent that Martinelli has already undergone hair treatment to cover what was a balding pate.. Indeed, Martinelli sees projecting an image of youth and vigor as essential to his political success and probably sought an alliance with Varela in part for his youthful image and track record for having revitalized the Panamenista Party.

Endara to Embark on "Listening Tour"

¶8. (C) "I will begin my campaign with a listening tour," VMP Presidential Candidate Guillermo Endara told Director on January 18. Noting that people were tired of "empty promises," former President Endara said that he needed to hear their concerns. "We will not be doing big events. People are insulted by them because they diminishes individuals," Endara explained. "Instead we will be doing smaller events and speaking directly to voters. I want to treat the voters with respect." Ultimately, the Panamenista party would end up tearing itself to pieces, Endara asserted. Ameglio, Varela and Vallarino are going to spill a lot of blood in the Panamenista primary," this life-long Panamenista claimed. Furthermore, there would not be an inter-party primary; "Only the Panamenista candidates even talk about it any more." As Ford and Martinelli noted, Herrera would be the PRD's eventual presidential candidate, and there would not be an inter-party primary, Endara said.

¶9. (C) Comment: One wonders whether Endara truly prefers small gatherings or if he is attempting to make a virtue out of the fact that he is broke and cannot afford to hold large events. Absent any clear proposal for what he wants to do or how he would govern, Endara is choosing to go listen instead. Endara's strategy appears to be to sustain enough visibility to remain alive politically (He pulled seventeen percent in 2004.), wait for the Panamenistas to collapse, and then ride the wave of surging Panamenista faithful looking for a true Panamenista to support: him. To facilitate coalition building, Endara also appears to be refraining from attacking other presidential aspirants.

Juan Carlos Navarro Confident Will Secure PRD CEN Seat

¶10. (C) Panama City Mayor and PRD presidential nominee candidate Juan Carlos Navarro said that there would not be any surprises when the PRD faithful went to the polls on January 20 to elect delegates for the party's March 9 convention. "I expect that thirty percent of the party's membership will turn out," the mayor predicted. (Note: Navarro's expectations were exceeded when some forty-two percent of PRD members voted, about twelve percent of all voters.) "I have a good machine and expect to have the support of about fifteen percent of the elected delegates. That should be enough to secure a seat on the CEN" (National Executive Committee) of the PRD. Navarro went on to add, "El Toro (former President Ernesto Perez Balladares) will not do well."

¶11. (C) Comment: Navarro is probably right that he will be able to handily win election to a seat on the PRD CEN. Though results of the January 20 PRD election have not yet been released, Navarro has refrained from playing the numbers spin game. While Perez Balladares asserted that he had "surprised" everybody by securing fifty percent of the delegates and Herrera wildly asserted that she had the support of ninety-five percent of the delegates, Navarro has not thrown out numbers, but has argued that Panama's mayors, city councilman, and district representatives form the base of his machine. Navarro asserted that he was being conservative in his estimation of his support. Herrera later explained to Ambassador on January 24 that she arrived at the ninety-five percent number by subtracting the percentage of delegates committed to supporting El Toro (about five percent). Navarro's ultimate goal remains securing the PRD's

presidential nomination. He exhibited no loss of confidence in his belief that Herrera would support him, not run against him, for the presidential nomination.

Varela: "I am beating Vallarino two to one."

¶12. (C) "I am beating Vallarino two to one, according to internal Panamenista polls. I am getting fifty percent to Vallarino's twenty-five percent support," Panamenista Party President and candidate for the party's presidential nomination Juan Carlos Varela stated on January 21. Varela predicted that the general elections would between Herrera, Martinelli and him.

¶13. (C) Comment: Varela made no mention of his pledge to Martinelli to bow out of the race should he be trailing Martinelli in the polls in May 2008. His mention that the race would eventually come down to a three-way race between Herrera, Martinelli, and himself suggests that Varela is already looking forward to the generals. As for listening for the dogs that do not bark, it is interesting to note that Varela did not push the inter-party primary as a way to unify the opposition as he is usually wont to do.

Lewis Ecstatic with High PRD Turn-Out

¶14. (C) Meeting with Feeley and DCM the day after PRD members went to the polls, First VP and FM Samuel Lewis beamed at the high turn-out for the PRD's internal election for delegates. "I told you guys on January 18 that about one-third of the party's members would vote," Lewis said on January 21. "Well, it looks like forty-two percent went to the polls. That's more than people that the entire Panamenista party," Panama's largest opposition party. Lewis noted that he had not decided whether to run for a seat on the CEN. Lewis told us that PMG would not be re-elected as President of the National Assembly. Believing that PRD centrists had carried the day, Lewis asserted that El Toro would not be a force at the party's convention.

¶15. (C) Comment: Lewis may still be nurturing dreams of running for president. Absent popular support, Lewis would have to rely on party movers and shakers to line up delegates in his favor for a CEN seat. Depending upon how successful he were at securing such a seat, he might then return to a presidential run that begins with efforts to lock up the support of party luminaries before turning to work its bases, where Lewis is clearly outpaced by Herrera.

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